GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5221
ANSWERED ON:20.04.2001
CORPORATISATON OF STOCK EXCHANGES
KINJARAPU YERRANNAIDU

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposed to corporatise all stock exchanges;

(b) if so, the reasons therefor; and

(c) the other steps proposed to maintain transparency in the market operations?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) and (b): With a view to improving institutional mechanisms and trading practices in stock markets, Government proposes to demutualise stock exchanges, by which ownership, management and trading membership would be segregated from each other. This would help towards:

• further professionalisation of the management of the exchanges and elimination of conflict of interests;

• improving adherence to the best practices of Corporate Governance;

• enhancing the ability of stock exchanges to raise funds from the market to modernise the exchanges and provide better investor service.

(c): The other measures proposed to maintain transparency include, inter-alia, appropriate strengthening of SEBI.